

Annual Report on Telecommunications Markets in Illinois

Submitted to the Illinois General Assembly
Pursuant to Section 13-407 of the
Illinois Public Utilities Act



Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62701

May 26, 2004

EXECUTIVE SUMMARY

This report presents summary statistics on competition in basic local telephone services and the deployment of broadband and mobile wireless services in Illinois. It is the third such Report submitted to the Illinois General Assembly by the Illinois Commerce Commission pursuant to Section 13-407 of the Illinois PUA. The first such report was submitted to the General Assembly on October 23, 2002.

The statistics presented in this report are compiled from data recently reported to the Illinois Commerce Commission and the Federal Communications Commission. The report provides a snapshot of local telephone service competition as of December 31, 2003 in the following three areas:

- plain-old-telephone-service (POTS) lines in service
- broadband lines in service
- mobile-wireless-telephone subscribership.

The following are selected highlights from the facts and findings presented in this Report:

- 49 incumbent local exchange carriers (ILECs) and 53 competitive local exchange carriers (CLECs) reported providing POTS to Illinois customers as of December 31, 2003. These figures compare to 49 ILECs and 45 CLECs reporting as of December 31, 2002.
- The number of reported POTS lines in Illinois decreased between year-end 2002 and year-end 2003 by approximately 300,000 lines (from 8.7 million to 8.4 million).

- CLECs provided approximately 1.9 million (or 22%) of the roughly 8.4 million Illinois POTS lines in service at year-end 2003. CLEC market shares continued to grow in Illinois from previous periods. The CLEC overall POTS market share increased by 2.8 percentage points (from 19.5% to 22.3%) between year-end 2002 and year-end 2003.
- At year-end 2003, approximately 23% of the 1.9 million CLECs POTS lines in Illinois were provided entirely over CLEC facilities. Another 25% of these 1.9 million lines were provided using local loops leased from ILECs (in conjunction with CLEC owned facilities). The remaining 52% of the 1.9 millions lines were provided completely over ILEC network facilities. In comparison, these figures were approximately 25.5%, 21%, and 53.5% at year-end 2002.
- The overall CLEC POTS market share was higher in the Chicago area than in other regions of the state. At year-end 2003 CLECs served approximately 26% of POTS customers in the Chicago area and approximately 12% of POTS customers in the rest of the state.
- Illinois providers served nearly 750,000 Illinois broadband customers via asymmetrical-digital-subscriber-line (ADSL) and cable-modem subscribers in Illinois as of June 30, 2003. This was 70% more subscribers than were served via these technologies on June 30, 2002.
- The overall market share of cable-modem providers in Illinois slipped to 44% at mid-year 2003. Meanwhile ADSL providers increased their market to 42% at mid-year 2003. Thus, the lead in broadband provisioning maintained by cable-modem providers in Illinois in past periods was nearly eliminated.
- Mobile-wireless providers served over 6.8 million Illinois subscribers at mid-year 2003 compared to 5.4 million subscribers at mid-year 2002.

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I. INTRODUCTION

Section 13-407 of the Illinois Public Utilities Act (PUA) requires that the Illinois Commerce Commission (Commission) monitor and analyze the status of competition in Illinois telecommunications markets:

The Commission shall monitor and analyze patterns of entry and exit and changes in patterns of entry and exit for each relevant market for telecommunications services, including emerging high speed telecommunications markets, and shall include its findings together with appropriate recommendations for legislative action in its annual report to the General Assembly. (220 ILCS 5/13-407)

To enable the Commission to carry out this mandate, Section 13-407 authorizes the Commission to collect pertinent information from firms providing telecommunications services in Illinois.

The Commission shall also collect all information, in a format determined by the Commission, that the Commission deems necessary to assist in monitoring and analyzing the telecommunications markets and the status of competition and deployment of telecommunications services to consumers in the State. (220 ILCS 5/13-407)

The Commission's first Annual Report on Telecommunications produced pursuant to PUA Section 13-407 was submitted to the Illinois General Assembly on October 23, 2002. That Report summarized competitive developments in plain old telephone service (POTS) based on information reported by local exchange carriers to the Commission as of December 31, 2001. That report also presented and summarized information submitted to the Federal Communications Commission (FCC) on trends in local service, broadband, and wireless provisioning.

This current Report, dated May 26, 2004, also summarizes competitive developments in POTS services, but it has been updated to reflect the most

recent available information reported to the Commission (as of December 31, 2003). This current Report similarly updates information on trends in local service, broadband, and wireless provisioning based on the most recent data made available by the FCC.

The bulk of the data provided by Illinois carriers and compiled by Commission Staff is displayed in Appendix C of this report (Tables C1 through C5). Selected data from these tables are highlighted and displayed in several sections of the Report itself.¹ Appendix B (Tables B1 and B2) contains lists of certificated local exchange carriers in Illinois as of March 1, 2004 and lists the carriers responding to the Commission's year-end 2003 data request.

II. COMPETITION IN PLAIN OLD TELEPHONE SERVICE (POTS)

A. Overview

"POTS" is the acronym often used to refer to basic local voice service provided over the public switched telephone network (PSTN). POTS service enables the end-user to place and receive calls to and from any other user on the PSTN. The information presented in this section of this report focuses on the local line (or loop) that connects end-users to the PSTN, and thus enables the provision of POTS.

Technologies used to provide POTS service vary. Local exchange carriers (LECs) traditionally have provisioned POTS service over a "twisted" pair of copper wires and electronics that enable the customer to make or receive a single phone call. Many carriers increasingly have provided POTS service over alternative technologies, such as fiber optics and associated electronics that allows customers to make multiple simultaneous phone calls over a single fiber

¹ The bulk of the information provided herein reflects data reported by ILECs and CLECs measuring provisioning as of December 31, 2003.

optic strand. To enable uniform reporting and analysis of POTS service regardless of the technologies utilized, the information presented herein is reported by voice grade equivalent (VGE) lines. Carriers report the number of lines provided by measuring the number of simultaneous phone calls that their customers are able to make or receive. This uniformity ensures direct comparability for purposes of reporting, discussion and analysis.

There are two general classes of LECs providing POTS service in Illinois: incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs). An ILEC is a telecommunications carrier (including its successors, assigns, and affiliates) that historically has served as the exclusive provider of wireline local telephone service in a specific service territory. CLECs are competitive carriers that have been authorized and certificated by the Commission to provide local telephone service in competition with ILECs. Some telecommunications carriers operate as both an ILEC and CLEC.²

ILECs generally serve non-overlapping geographic areas, and consumers generally may obtain local telephone service from only one ILEC. Thus, absent competitive entry by CLECs, customers typically have only one source for POTS service - the ILEC that serves the area where the customer is located.³ In contrast to ILECs, which generally do not compete in the service areas of other ILECs, many CLECs provide service in the same areas as other CLECs as well as ILECs.

Both the Illinois PUA and the Federal Telecommunications Act of 1996 strongly encourage and endorse the development of competition in local telecommunications services. Together, these Acts provide a framework for new

² Such carriers were requested to report to the Commission information separately for ILEC and CLEC operational units.

³ This does not consider non-POTS alternatives, such as cellular or satellite service that may be available to some local telecommunications customers.

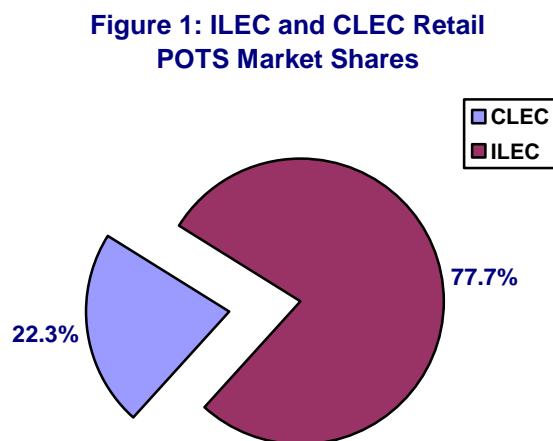
competitors to enter local markets by three fundamental and distinct methods, as follows:

- Building complete telecommunications networks using their own facilities,
- Leasing all or a portion of the facilities needed to serve end-user customers from other carriers,
- Purchasing telecommunications services from ILECs at discounted prices and reselling these services to customers.

This report summarizes the use of each of these methods by CLECs in Illinois.

Regardless of the method utilized by a CLEC to enter local markets, significant cooperation and coordination between ILECs and CLECs is crucial to the maintenance and proper operation of the PSTN. This remains true even where a CLEC has deployed a network utilizing 100% of its own facilities. Even under these circumstances, telephone traffic must be passed back and forth efficiently and reliably between the networks of all ILECs and all CLECs.

B. Statewide Competition In Retail POTS in Illinois



As Figure 1 shows, at year-end 2003, CLECs provided approximately 22.3% of all retail POTS lines in Illinois. In total, over 8.4 million total retail POTS lines were reported in Illinois. ILECs provided approximately 6.5 million lines (or 77.7%), while CLECs provided approximately 1.9 million lines (or 22.3%). Table 1 displays these figures and comparable figures for year-end 2001 and 2002.

As Table 1 shows, the number of retail POTS lines in Illinois has steadily decreased in the past three years. Between year-end 2001 and year-end 2002 the number of retail POTS lines provided to Illinois residential and business customers decreased by approximately 3.4%. Between year-end 2002 and year-end 2003 the number of retail POTS lines provided to Illinois residential and business customers again decreased by 3.4%.⁴

Table 1: Retail POTS Lines in Illinois

<i>Date</i>	<i>Total Lines</i>	<i>ILEC Lines</i>	<i>CLEC Lines</i>	<i>CLEC Share</i>
<i>Dec 2001</i>	9,036,493	7,628,679	1,407,814	16%
<i>Dec 2002</i>	8,727,943	7,029,967	1,697,976	19%
<i>Dec 2003</i>	8,427,835	6,549,268	1,878,567	22%

While the number of retail POTS lines provided to Illinois customers has decreased in recent periods, the number of such lines provided by CLECs has increased. As Table 1 shows, at year-end 2001, CLECs provided about 1.4 million or about 16% of retail POTS lines in Illinois. At year-end 2003, CLEC provided nearly 1.9 million or more than 22% of retail POTS lines in Illinois.

As Table 2 shows, 49 ILECs provide POTS lines in Illinois.⁵ The 4 largest ILECs (SBC Communications, Verizon Communications, Citizens Communications and Consolidated Communications) provided approximately 97% of all ILEC retail POTS lines, while the remaining 45 ILECs provided just under 3% of the total ILEC lines in Illinois.

⁴ The Illinois experience is not unique in this respect. Information compiled by the FCC and reported below shows that the nationwide number of POTS lines has decreased in recent periods. A number of factors may explain the reduction in POTS lines. Consumers may be increasingly substituting mobile wireless phone service for POTS service or may be relying on broadband services to obtain high-speed Internet access instead of relying on POTS service to obtain dial-up access to the Internet. Other factors, such as economic conditions in Illinois and reporting inconsistencies and/or inaccuracies, may also explain the reported reduction.

⁵ Two small ILECs failed to respond to the Commission's CDR for year-end 2001, but did respond for year-end 2002 and year-end 2003. The total number of lines for these two ILECs is a very small percentage (less than 0.01%) of all Illinois ILEC retail POTS lines.

Fifty-three (53) CLECs reported providing retail POTS service in Illinois.⁶ Of these 53 CLECs, the 5 largest (AT&T, MCI WorldCom, Comcast, XO, and McLeodUSA) accounted for approximately 75% of all CLEC retail POTS lines, while the remaining 48 CLECs provided approximately 25% of all CLEC retail POTS lines.

Table 2: Retail POTS Providers in Illinois

<i>Date</i>	<i>No. of Retail POTS Providers Reporting</i>	<i>No. of ILEC POTS Providers Reporting</i>	<i>No. of CLEC POTS Providers Reporting</i>
<i>Dec 2001</i>	82	47	35
<i>Dec 2002</i>	94	49	45
<i>Dec 2003</i>	102	49	53

At year-end 2003, approximately 58% of all retail POTS lines in Illinois served residential customers, while 42% served business customers. Approximately 60% of ILEC total retail lines served residential customers, while 40% of ILEC lines served business customers. Approximately 52% of all CLEC retail lines served residential customers, while approximately 48% served business customers. Thus, CLECs continued at year-end 2003, as they have in past periods, to serve a higher percentage of business customers relative to lines they serve than did ILECs.

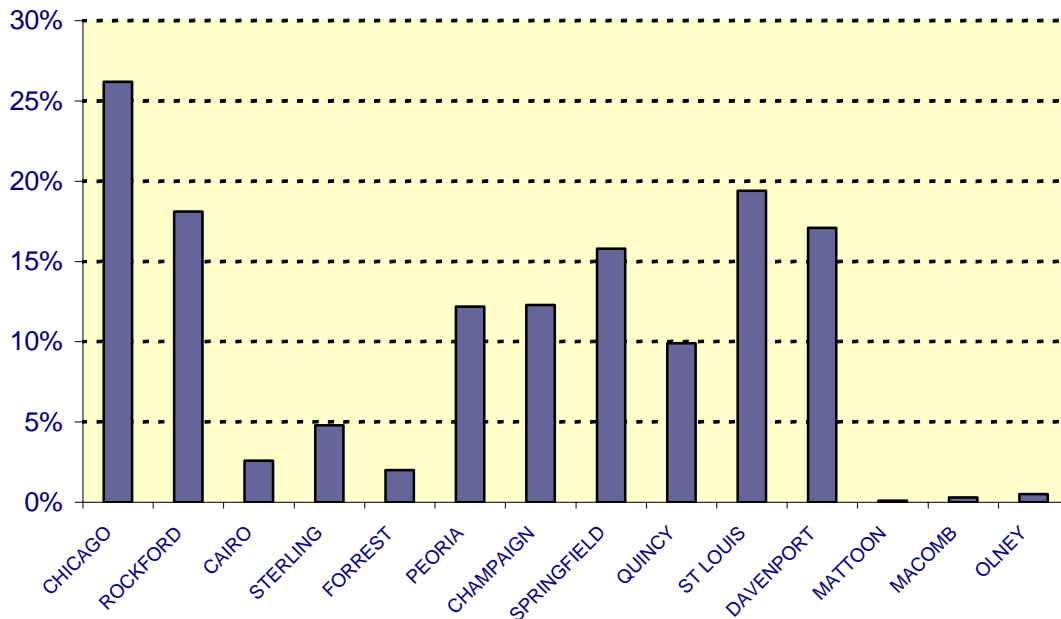
Table 3: Residential Retail POTS Line Percentages

<i>Date</i>	<i>Perc. of Lines Classified as Residential</i>	<i>Perc. of ILEC Lines Classified as Residential</i>	<i>Perc. of CLEC Lines Classified as Residential</i>
<i>Dec 2001</i>	58%	61%	45%
<i>Dec 2002</i>	59%	60%	55%
<i>Dec 2003</i>	58%	60%	52%

⁶ This figure treats affiliated CLECs under common control as a single competitive entity.

Figure 3 shows that CLEC market shares are highest in the most densely-populated urban areas.

**Figure 3: CLEC Market Shares by LATA
(Perc. of POTS Lines)**



C. CLEC Methods of Provisioning Retail POTS Lines

As previously noted, CLECs can provide POTS service to customers via three fundamental approaches:

- Building complete telecommunications networks using their own facilities,
- Leasing all or a portion of the facilities needed to serve end-user customers from other carriers,
- Purchasing telecommunications services from ILECs at discounted prices and reselling these services to customers.

These methods are not mutually exclusive; they can each be employed by a particular CLEC to provide services at different times and/or in different regions. For example, a CLEC may deploy its own network in a particular part of

the state while using resale to provide services to consumers in another area of the state.

While the first and third of these approaches seem self-explanatory, the second option warrants further discussion. The basic network elements used in the provision of POTS include local loops (these connect customer premises to telephone company switching equipment), local switching, and interoffice transport (between telephone company switches). In some circumstances CLECs may lease all three of these basic network elements (loop, local switching, and transport) from an ILEC. Such combinations are referred to as unbundled network element platforms (UNE-Ps). When a CLEC provides service to a given customer using UNE-P, it relies exclusively on the network elements supplied by ILECs.⁷

CLECs also provide service using various combinations of ILEC supplied network elements and their own self-supplied elements. The most common variant of this approach is to lease ILEC local loops and self-supply local switching.⁸ When CLECs combine leased ILEC loops with their own local switching, such combinations are termed unbundled network element loop (UNE-L) combinations.

Table 5 shows that at year-end 2003, approximately 435,000 CLEC retail POTS lines in Illinois (23% of the CLEC total) were provisioned entirely over CLEC owned facilities.⁹ Approximately 1,266,000 CLEC retail POTS lines (nearly 67% of all CLEC lines) were provisioned over facilities leased (in part or

⁷ CLECs do, however, combine their own technology (e.g., voicemail technology) with ILEC provided UNE-P combinations, in order to customize their services.

⁸ In such instances, the CLEC may or may not lease ILEC transport to connect a loop to its switch or to interconnect its own switches to either ILEC switches or to other (including its own) CLEC switches.

⁹ Nearly 100% of ILEC lines were reported as provided over ILEC owned facilities. One ILEC reported it provided a limited number of lines (less than 0.01% of all ILEC lines) outside its ILEC service area via resale at year-end 2003. For purposes of this report these lines have been classified as CLEC lines.

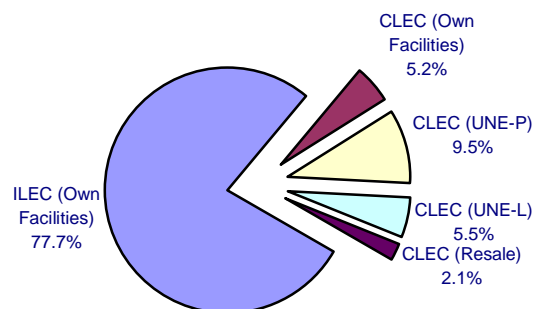
in whole) from ILECs or other providers. About 64% of these approximately 1,266,000 retail POTS lines were provided entirely over facilities leased from ILECs and other providers (as UNE-Ps). The remaining 36% of these approximately 1,266,000 lines were provided over facilities leased from ILECs and combined with CLEC facilities to provide service. Table 5 also shows that the method of POTS provisioning relied on least by CLECs was resale. Approximately 178,000 CLEC lines were provided by CLECs purchasing discounted services from ILECs and reselling them to their customers.

Table 5: CLEC Retail POTS Lines by Provisioning Method
(Percentages of Total for Each Year in Brackets)

	<i>Own Facilities</i>	<i>UNE-L</i>	<i>UNE-P</i>	<i>Resale</i>	<i>All Methods</i>
<i>Dec 2001</i>	460,598 (33%)	314,459 (22%)	314,718 (22%)	318,039 (23%)	1,407,814 (100%)
<i>Dec 2002</i>	433,131 (26%)	355,658 (21%)	644,932 (38%)	264,255 (16%)	1,697,976 (100%)
<i>Dec 2003</i>	434,524 (23%)	462,102 (25%)	804,036 (43%)	177,905 (9%)	1,878,567 (100%)

At Table 6 shows, 14 CLECs provided some POTS service completely over their own facilities. Twenty-three (23) CLECs provided some POTS service

Figure 2: POTs Provisioning Methods



entirely over leased facilities. Fourteen (14) CLECs provided some POTS service over some combination of their own facilities and leased facilities. While resale was the least common mode of CLEC entry in terms of numbers of lines, it was the most

prevalent method in terms of numbers of CLECs. Statewide, 29 CLECs provided POTS service over resold lines.

Table 6: CLEC Retail POTS Providers by Provisioning Method

	<i>Own Facilities</i>	<i>UNE-L</i>	<i>UNE-P</i>	<i>Resale</i>	<i>All Methods¹⁰</i>
<i>Dec 2001</i>	11	12	11	23	35
<i>Dec 2002</i>	10	14	16	30	45
<i>Dec 2003</i>	14	14	23	29	53

Figure 2 (above) displays the overall CLEC Illinois POTS market share of 22.3% disaggregated by mode of entry. CLECs captured approximately 5.2% of the POTS retail market using solely their own facilities. CLECs captured approximately 5.5% of the retail POTS market through partial reliance upon ILEC facilities, and over 11.6% of the overall Illinois POTS market via total reliance upon ILEC network facilities (i.e., UNE-P and resale).

D. Retail POTS Competition by LATA

This section of the report provides an overview of POTS competition broken down by Local Access and Transport Area (LATA). LATAs are the geographic areas within which Bell Operating Companies (BOCs), such as Ameritech Illinois were permitted to carry telephone traffic following their divestiture from AT&T. Terms of the 1984 divestiture initially prohibited BOCs from carrying telephone traffic across LATA boundaries (termed interLATA traffic) but permitted them to carry telephone traffic, including toll calls, within LATA boundaries (intraLATA traffic). The Telecommunications Act of 1996 provided that the “interLATA restriction” would be lifted once a BOC demonstrated that its local markets had become sufficiently open to competition.

¹⁰ The sum of CLECs providing services over the respective provisioning methods exceeds the total number of CLECs providing services because some CLECs provide services using more than one method of provisioning.

There are 193 domestic LATAs in the United States. Of this total, fourteen LATAs lie predominantly in Illinois and contain a significant number of Illinois customers. An additional four LATAs lie predominately outside of Illinois but encompass some (relatively few) Illinois customers.¹¹ Information applicable to the Illinois portion of these 4 LATAs will be included with information for the 14 LATAs that lie predominately in Illinois.¹² Additional detail concerning Illinois LATAs is presented in Appendix A.

Reporting and analysis of POTS data by LATA has several important advantages over other possible approaches. First, disaggregation of statewide information into 14 separate LATA markets illuminates important competitive differences across Illinois markets and regions that cannot be discerned from data aggregated at the state level. Second, LATAs are a natural unit for the reporting of many types of information by telephone companies. Notably, the telephone numbers provided to LECs for assignment to their customers are, with limited exceptions, assigned uniquely to LATAs.¹³ This permits the Commission to readily identify the LATAs within which telephone customers reside.¹⁴ Finally, data disaggregated by LATA still are sufficiently aggregated to protect sensitive competitive information, and the proprietary concerns of local telephone service providers.¹⁵

¹¹ Although LATA boundaries were created in order to delineate the geographical area within which BOCs could offer long distance services, other LATA boundaries have been created in order to segment non-BOC service territories. The LATA geography adopted here follows Telcordia Technologies, Inc. ("Telcordia" f/k/a Bellcore) conventions as delineated in the local exchange routing guide (LERG).

¹² Information is aggregated in this manner to protect the confidentiality of individual carrier information reported to the Commission.

¹³ Traditionally, blocks of telephone numbers have been assigned uniquely to rate exchange areas, which in turn, have been uniquely assigned to LATAs.

¹⁴ The use of more "traditional" means to identify the location of individual telephone customers, such as the county of residence, is, at best, problematic, since telephone numbers are assigned to geographic areas with boundaries that are not congruent with the boundaries of the more traditional geographical divisions.

¹⁵ Per the Commission's Competition Data Request, the Commission is offering proprietary treatment to individual company retail provisioning information. Therefore, all retail provisioning numbers have been aggregated into carrier classes and will be reported only in circumstances where a particular number represents provisioning by four or more providers.

Table 7 displays some basic demographic information for each Illinois LATA. It reveals that there is considerable variation in LATA demographics within Illinois. Not surprisingly, the Chicago LATA stands out from the other LATAs, surpassing all others in Illinois with respect to both total population and population density.

Table 7 – Illinois LATA Demographic Data
U.S. Census 2000

<i>LATA Name</i>	<i>Area (Sq. Miles)</i>	<i>Population</i>	<i>No. of Households</i>	<i>Population per Sq. Mile</i>	<i>Households per Sq. Mile</i>
<i>Chicago, IL</i>	8,504	8,410,544	3,025,532	989	356
<i>Rockford, IL ¹</i>	2,124	397,119	153,045	187	72
<i>Springfield, IL</i>	3,028	352,223	144,596	116	48
<i>St Louis, MO</i>	6,718	781,199	299,332	116	45
<i>Champaign, IL ²</i>	3,635	328,037	129,890	90	36
<i>Davenport, IA</i>	2,058	219,120	87,962	106	43
<i>Peoria, IL</i>	4,834	471,493	185,114	98	38
<i>Sterling, IL</i>	2,966	226,357	84,774	76	29
<i>Forrest, IL</i>	3,698	261,915	98,749	71	27
<i>Cairo, IL</i>	4,863	308,127	122,875	63	25
<i>Mattoon, IL</i>	4,248	227,242	88,247	53	21
<i>Quincy, IL</i>	3,682	161,005	62,415	44	17
<i>Macomb, IL</i>	3,248	136,242	53,061	42	16
<i>Olney, IL</i>	4,309	138,670	56,187	32	13
<i>Total - All LATAs</i>	57,914	12,419,293	4,591,779	214	79
<i>Average</i>	4,137	887,092	327,984	---	---
<i>Standard Deviation</i>	1,673	2,092,850	750,729	---	---
¹ Includes information for those portions of the Southeast and Southwest Wisconsin LATAs located in Illinois.					
² Includes information for those portions of the Indianapolis and Terre Haute Indiana LATAs located in Illinois.					

Table 8 displays CLEC market shares by LATA over time. As Table 8, shows, CLEC market entry correlates closely with demographic factors.

Table 8: CLEC Market Shares by LATA

<i>LATA Name</i>	<i>Date</i>	<i>Overall CLEC Market Share</i>	<i>Residential CLEC Market Share</i>	<i>Business CLEC Market Share</i>
<i>Statewide</i>	Dec 2001	15.6%	12.2%	20.3%
	Dec 2002	19.5%	18.3%	21.1%
	Dec 2003	22.3%	20.0%	25.4%
<i>Chicago, IL</i>	Dec 2001	18.7%	15.0%	23.2%
	Dec 2002	23.2%	22.6%	23.9%
	Dec 2003	26.2%	23.9%	29.0%
<i>Rockford, IL</i>	Dec 2001	8.3%*	5.5%*	13.8%*
	Dec 2002	14.4%	10.6%	21.6%
	Dec 2003	18.1%	14.6%	24.6%
<i>Cairo, IL</i>	Dec 2001	1.6%	0.6%**	1.4%**
	Dec 2002	1.9%	0.9%	4.2%
	Dec 2003	2.6%	1.8%	4.4%
<i>Sterling, IL</i>	Dec 2001	8.3%*	5.5%*	13.8%*
	Dec 2002	2.8%	1.8%	4.9%
	Dec 2003	4.8%	4.0%	6.4%
<i>Forrest, IL</i>	Dec 2001	0.8%	0.6%**	1.4%**
	Dec 2002	0.6%****	0.0%****	1.7%****
	Dec 2003	2.0%	0.2%	5.3%
<i>Peoria, IL</i>	Dec 2001	7.5%	5.8%	10.8%
	Dec 2002	10.4%	7.8%	15.0%
	Dec 2003	12.2%	10.3%	15.7%
<i>Champaign, IL</i>	Dec 2001	9.2%	8.5%	11.6%
	Dec 2002	10.7%	10.7%	10.8%
	Dec 2003	12.3%	13.1%	11.2%
<i>Springfield, IL</i>	Dec 2001	11.7%	9.7%	14.2%
	Dec 2002	14.3%	12.6%	16.5%
	Dec 2003	15.8%	16.7%	14.5%
<i>Quincy, IL</i>	Dec 2001	5.7%	2.7%	11.7%
	Dec 2002	7.7%	6.0%	11.1%
	Dec 2003	9.9%	9.1%	11.7%
<i>St Louis, MO</i>	Dec 2001	9.7%	9.1%	11.0%
	Dec 2002	15.3%	16.2%	13.1%
	Dec 2003	19.4%	20.7%	16.3%
<i>Davenport, IA</i>	Dec 2001	11.6%	9.3%	15.7%
	Dec 2002	15.6%	16.0%	14.9%
	Dec 2003	17.1%	18.5%	14.7%
<i>Mattoon, IL</i>	Dec 2001	0.3%	0.6%**	1.4%**
	Dec 2002	0.6%****	0.0%****	1.7%****
	Dec 2003	0.1%	0.1%*****	0.8%*****
<i>Macomb, IL</i>	Dec 2001	0.6%***	0.6%**	1.4%**
	Dec 2002	0.6%****	0.0%****	1.7%****
	Dec 2003	0.3%	0.1%*****	0.8%*****
<i>Olney, IL</i>	Dec 2001	0.6%***	0.6%**	1.4%**
	Dec 2002	0.6%****	0.0%****	1.7%****
	Dec 2003	0.5%	0.1%*****	0.8%*****
<p>* Combined figures for the Rockford and Sterling LATAs. ** Combined figures for the Cairo, Forrest, Macomb, Olney and Mattoon LATAs. *** Combined figures for the Macomb and Olney LATAs. **** Combined figures for the Forrest, Macomb, Olney, and Mattoon LATAs. ***** Combined figures for the Macomb, Olney, and Mattoon LATAs.</p>				

The Chicago LATA differs significantly from other Illinois LATAs not only demographically, but also in the degree of local market penetration achieved by CLECs. As displayed in Table 9, approximately 6.1 million (73%) of the statewide total of over 8.4 million POTS lines were provided in this single LATA. All other LATAs combined accounted for the remaining 2.3 million (or 27%) of the statewide retail POTS lines.

Table 9: Retail POTS Lines by LATA
December 31, 2003

<i>LATA Name</i>	<i>Retail POTS</i>	<i>% Of Total</i>
<i>Statewide</i>	8,427,835	100%
<i>Chicago, IL</i>	6,138,985	73%
<i>St Louis, MO</i>	420,768	5%
<i>Peoria, IL</i>	272,110	3%
<i>Springfield, IL</i>	251,111	3%
<i>Rockford, IL</i>	240,292	3%
<i>Champaign, IL</i>	208,862	2%
<i>Cairo, IL</i>	159,443	2%
<i>Forrest, IL</i>	148,171	2%
<i>Davenport, IA</i>	133,148	2%
<i>Sterling, IL</i>	120,093	1%
<i>Mattoon, IL</i>	107,620	1%
<i>Quincy, IL</i>	89,935	1%
<i>Olney, IL</i>	70,664	1%
<i>Macomb, IL</i>	66,633	1%

Of the 6.1 million retail POTS lines in the Chicago LATA, approximately 4.5 million were provided by 8 ILECs. The remaining 1.6 million retail POTS lines in the Chicago LATA were provided by 41 CLECs. The 4.5 million lines provided by ILECs in the Chicago LATA represent 69% of the statewide total POTS lines provided by ILECs. The 1.6 million CLEC lines provided in the Chicago LATA represent approximately 86% of the statewide total of CLEC retail POTS lines. Thus, a notably higher percentage of all CLEC Illinois customers

are located in the Chicago LATA as compared to the percentage of all ILEC customers.

Table 10: ILEC and CLEC POTS Lines by LATA
December 31, 2003

	<i>ILEC</i>	<i>% of ILEC Lines</i>	<i>CLEC</i>	<i>% of CLEC Lines</i>
<i>Chicago LATA</i>	4.5 m	69%	1.6m	86%
<i>All Other LATAs</i>	2.0 m	31%	0.3m	14%
<i>All LATAs</i>	6.5 m	100%	1.9m	100%

High-volume, low-cost customers in urban business districts generally are considered more attractive to new entrants than either rural or residential customers. Regional differences in the data reported by LATA in Illinois appear to support this generalization. There is a high correlation across the 14 Illinois LATAs between customer density (measured by population per square mile) and CLEC market share.¹⁶ CLECs appear to be responding in predictable fashion to economic and market conditions, which would explain the higher CLEC market shares in the Chicago LATA relative to CLEC market shares in other Illinois LATAs, as shown in Table 11.

Table 11: CLEC Market Share by LATA
December 31, 2003

	<i>CLEC Market Share</i>
<i>Chicago LATA</i>	26%
<i>All Other LATAs</i>	12%
<i>All LATAs</i>	22%

¹⁶ The correlation coefficient between density and CLEC market share is approximately 0.65.

The Peoria, Rockford, Champaign, St. Louis, Davenport, and Springfield LATAs can be classified as “medium density” Illinois LATAs. Population per square mile in these LATAs is in the neighborhood of 100 people per square mile.¹⁷ Reflecting the positive correlation between customer density and CLEC market share, these “medium density” LATAs exhibit “medium” ranges of CLEC market shares, ranging from 12-20%.

The least densely populated LATAs in Illinois include the Quincy, Mattoon, Macomb, Forrest, Olney, Sterling and Cairo LATAs. Population densities in these LATAs range from 32-76 people per square mile. In most of these LATAs, CLECs provide less than 5% of POTS lines in the market, and in none of these does CLEC retail market share reach 10% (although in the Quincy LATA CLECs provide nearly 10% of POTS lines).

E. Recent Trends in Competitive Retail POTS Provisioning

The retail line counts reported by Illinois LECs for December 31, 2003 are the third such retail line counts reported to the Commission in a uniform manner utilizing a consistent definition of POTS.¹⁸ The FCC, however, has collected state-by-state retail line counts from larger retail POTS providers since December 1999.¹⁹ While the information reported to the FCC is, in some respects, more limited than that reported to the Commission, it does provide important insight into statewide *trends* in retail POTS provision.²⁰

¹⁷ While the density in Rockford, with nearly 200 people square mile, exceeds the densities of the other medium density LATAs, the density in the Rockford LATA falls well short of the nearly 1000 people per square mile density in Chicago.

¹⁸ The CDR was released in its current form for the first time in January of 2002.

¹⁹ The FCC has required providers serving 10,000 or more POTS customers to report retail POTS line counts on a statewide basis.

²⁰ Notably, these data do not include information on smaller POTS providers, and lacks the regional detail of the information reported to this Commission

Table 12: Nationwide POTS Lines (Large Providers Only)

	<i>DEC</i> 1999	<i>JUN</i> 2000	<i>DEC</i> 2000	<i>JUN</i> 2001	<i>DEC</i> 2001	<i>JUN</i> 2002	<i>DEC</i> 2002	<i>JUN</i> 2003
<i>US ILEC Lines</i> ²¹	181 (95.7%)	180 (94.0%)	178 (92.3%)	174 (91.0%)	172 (89.7%)	167 (88.6%)	163 (86.8%)	156 (85.3%)
<i>US CLEC Lines</i> ²¹	8 (4.3%)	12 (6.0%)	15 (7.7%)	17 (9.0%)	20 (10.3%)	22 (11.4%)	25 (13.2%)	27 (14.7%)
<i>All US LEC Lines</i> ²¹	190	191	193	192	192	189	188	183

Table 12 above shows nationwide retail POTS line counts (reported biannually to the FCC). The CLECs' overall POTS market shares have increased steadily over the past two years. Nevertheless, ILECs still serve nearly 85% of POTS customers served by large providers in the United States. Table 12 also shows that nationwide the number of POTS lines has continuously decreased between year-end 2000 and mid-year 2003.

Table 13 displays Illinois retail POTS line counts reported to the FCC. The FCC calculation of the overall CLEC market share in Illinois for December 2002 (18.6%) is, as it was for year-end 2001, slightly lower than the same calculation based on data reported to this Commission (19.5%). It appears that the FCC exclusion of information for smaller LECs produces its slightly lower estimate of Illinois market share.

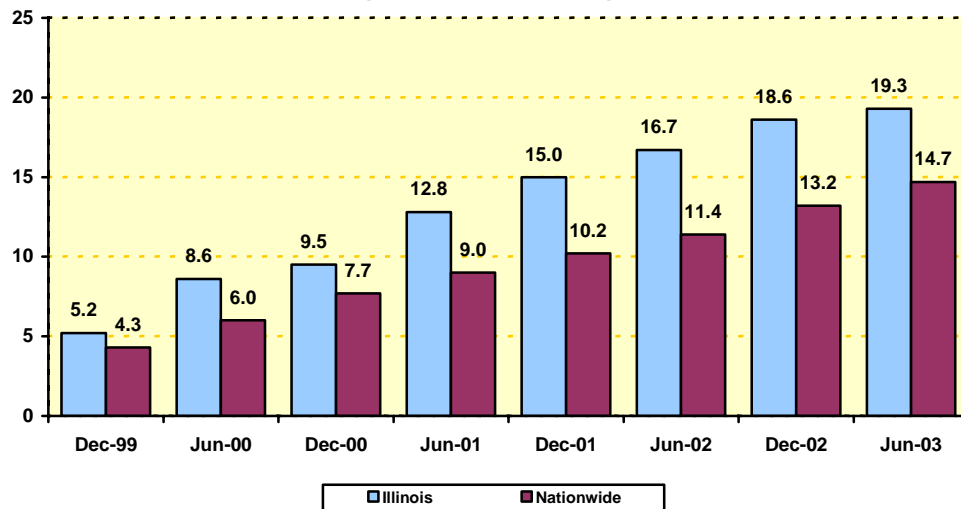
²¹ Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2003, Released December 2003.

Table 13: Illinois POTS Lines (Large Providers Only)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002	DEC 2002	JUN 2003
<i>IL ILEC Lines</i> ²²	8,040,394 (94.8%)	7,990,635 (91.4%)	7,887,152 (90.5%)	7,558,613 (87.2%)	7,578,706 (85.0%)	7,322,494 (83.3%)	6,994,127 (81.4%)	6,741,172 (80.7%)
<i>IL CLEC Lines</i> ²²	443,936 (5.2%)	749,446 (8.6%)	831,917 (9.5%)	1,113,112 (12.8%)	1,341,060 (15.0%)	1,468,057 (16.7%)	1,602,482 (18.6%)	1,616,765 (19.3%)
<i>All IL LEC Lines</i>	8,484,330	8,740,081	8,719,069	8,671,725	8,919,766	8,790,551	8,596,609	8,357,937

Figure 4 again shows that, as with the nationwide trend, the CLECs' overall retail market share has increased continuously in Illinois over the past two years. Figure 4 also displays that the CLECs' overall market share in Illinois consistently has exceeded the national average. This may be explained, at least in part, by the attractiveness of the dense and populous Chicago metropolitan market.

**Figure 4: CLEC Market Shares - Large Providers
(% of POTS Lines)**



²² Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2003, Released December 2003.

F. Cross State Comparisons of Competitive Retail POTS

Table 14 – State by State POTS Provision: Large Providers

State	Population**	Population per Sq. Mile**	POTS Lines**** (Large Carriers)	CLEC Market Share**** (Large Carriers)
Alabama	4,447,100	88	2,417,567	10%
Alaska	626,932	1	*	*
Arizona	5,130,632	45	3,219,314	16%
Arkansas	2,673,400	51	*	*
California	33,871,648	217	23,692,322	13%
Colorado	4,301,261	41	3,052,821	16%
Connecticut	3,405,565	703	2,449,918	10%
Delaware	783,600	401	557,154	10%
District of Columbia	572,059	9,317	947,171	18%
Florida	15,982,378	296	11,671,497	13%
Georgia	8,186,453	141	5,136,601	16%
Hawaii	1,211,537	189	*	*
Idaho	1,293,953	16	721,206	5%
Illinois	12,419,293	223	8,357,937	19%
Indiana	6,080,485	170	3,675,394	9%
Iowa	2,926,324	52	1,492,008	13%
Kansas	2,688,418	33	1,505,815	21%
Kentucky	4,041,769	102	2,122,182	5%
Louisiana	4,468,976	103	2,463,454	9%
Maine	1,274,923	41	791,352	9%
Maryland	5,296,486	542	3,630,243	10%
Massachusetts	6,349,097	810	4,407,964	19%
Michigan	9,938,444	175	6,204,267	22%
Minnesota	4,919,479	62	3,107,378	17%
Mississippi	2,844,658	61	1,329,251	7%
Missouri	5,595,211	81	3,402,051	10%
Montana	902,195	6	518,338	3%
Nebraska	1,711,263	22	966,583	20%
Nevada	1,998,257	18	1,437,325	9%
New Hampshire	1,235,786	138	829,287	16%
New Jersey	8,414,350	1,134	6,399,743	16%
New Mexico	1,819,046	15	*	*
New York	18,976,457	402	12,498,312	28%
North Carolina	8,049,313	165	5,125,853	9%
North Dakota	642,200	9	*	*
Ohio	11,353,140	277	6,885,788	11%
Oklahoma	3,450,654	50	1,897,838	11%
Oregon	3,421,399	36	2,039,935	8%
Pennsylvania	12,281,054	274	8,261,544	17%
Rhode Island	1,048,319	1,003	659,396	25%
South Carolina	4,012,012	133	2,336,646	8%
South Dakota	754,844	10	346,122	14%
Tennessee	5,689,283	138	3,388,799	10%
Texas	20,851,820	80	12,717,073	18%
Utah	2,233,169	27	1,254,259	19%
Vermont	608,827	66	*	*
Virginia	7,078,515	179	4,759,521	16%
Washington	5,894,121	89	3,838,773	10%
West Virginia	1,808,344	75	*	*
Wisconsin	5,363,675	99	3,479,990	15%
Wyoming	493,782	5	*	*
Total - All States***	281,421,906	80	182,812,712	15%

* Data withheld to maintain confidentiality of information.

** U.S. Census 2000. Population per square mile is based on land area, which excludes water area.

*** Includes information for Puerto Rico and the Virgin Islands.

**** Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2003, Released December 2003.

Table 14 displays demographic and retail POTS provisioning information for the 50 states and the District of Columbia, based on data compiled by the FCC for June 30, 2003. This data provides useful information on how CLEC market shares in Illinois compare with those in other states.

III. HIGH SPEED TELECOMMUNICATIONS SERVICES

A. Overview

Section 13-407 of the PUA mandates that the Commission monitor and analyze the deployment of high-speed telecommunications services in Illinois. As defined in this report, high-speed telecommunications services provide the subscriber with data transmission at speeds in excess of 200 kilobits per second (kbps) in at least one direction.²³ This definition matches the definition of “advanced telecommunications services” as used in the PUA.²⁴ This definition also matches that used by the FCC in its data collection activities and analyses of high-speed telecommunications markets.²⁵

²³ 220 ILCS 5/13-517

²⁴ The information presented herein concerns the telecommunications services that are the subject of the provisions of Section 13-517 of the Act.

²⁵ It should be noted that this definition excludes several services that sometimes are referred to as high speed services, such as basic rate integrated services digital network (ISDN-BRI) service, some lower speed asymmetric digital subscriber line (ADSL) services, some lower speed services that connect subscribers to the Internet over cable systems, and services that connect subscribers to the internet over mobile wireless systems. The terms “high-speed telecommunications service”, “advanced telecommunications service” and “broadband service” often are used interchangeably and sometimes inconsistently. For example, mobile wireless providers often offer Internet access over mobile wireless technology marketed as broadband wireless Internet access despite the fact that such technology generally restricts access to speeds slower than users might otherwise obtain from traditional “dial-up” wireline technology. To add to the confusion in terminology, the FCC defines “advanced telecommunications capability” and “advanced services” as service that provide the subscriber with transmission speeds in excess of 200 kbps in BOTH the “upstream” and “downstream” directions. Confusion and misunderstanding in the use of these various terms caused the FCC to state in a report recently submitted to the U.S. Congress that “[I]n light of its now common and imprecise usage, we decline to use the term broadband to describe any of the categories of services on facilities that we discuss in this report. FCC, Deployment of Advanced Telecommunications Capability: Second Report, August 2000, Released August 21, 2000.

Information concerning high-speed service provisioning is reported by state to the FCC (only by facilities-based providers of high-speed lines that serve at least 250 lines in a given state). Carriers do not report high-speed capable lines that are obtained from other carriers for resale to end users or Internet Service providers (ISPs). This practice ensures that each high-speed line is reported only once by the underlying provider.²⁶

The information reported here covers the following three methods of high-speed service provisioning:

- high speed service over ADSL technology,
- high-speed service over coaxial cable (cable modem) technology.
- high-speed service over “other” technologies.

The following descriptions of ADSL and cable modem technologies are taken from the FCC’s Deployment of Telecommunications Capability: Second Report:

ADSL Technology

With the addition of certain electronics to the telephone line, carriers can transform the copper loop that already provides voice service into a conduit for high-speed data traffic. While there are multiple variations of DSL ... most DSL offerings share certain characteristics. With most DSL technologies today, a high-speed signal is sent from the end-user's terminal through the last 100 feet and the last mile (sometimes a few miles) consisting of the copper loop until it reaches a Digital Subscriber Line Access Multiplexer (DSLAM), usually located in the carrier's central office. At the DSLAM, the end-user's signal is combined with the signals of many other customers and forwarded through a switch to middle mile facilities.

²⁶ There is no indication of how comprehensively small providers, many of which serve rural areas with relatively small populations, are represented in the FCC data summarized here. See FCC, High Speed Services for Internet Access: Status as of December 31, 2001, Released July 2002, at 1-2.

As its name suggests, ADSL provides speeds in one direction (usually downstream) that are greater than the speeds in the other direction. Many, though not all, residential ADSL offerings provide speeds in excess of 200 kbps in only the downstream path with a slower upstream path and thus do not meet the standard for advanced telecommunications capability. However, ADSL permits the customer to have both conventional voice and high-speed data carried on the same line simultaneously because it segregates the high frequency data traffic from the voice traffic. This segregation allows customers to have an “always on” connection for the data traffic and an open path for telephone calls over a single line. Thus a single line can be used for both a telephone conversation and for Internet access at the same time.²⁷

Cable Modem Technology

Cable modem technologies rely on the same basic network architecture used for many years to provide multichannel video service, but with upgrades and enhancements to support advanced services. The typical upgrade incorporates what is commonly known as a hybrid fiber-coaxial (HFC) distribution plant. HFC networks use a combination of high-capacity optical fiber and traditional coaxial cable. Most HFC systems utilize fiber between the cable operators’ offices (the “headend”) and the neighborhood “nodes.” Between the nodes and the individual end-user homes, signals travel over traditional coaxial cable infrastructure. These networks transport signals over infrastructure that serves numerous users simultaneously, i.e., a shared network, rather than providing a dedicated link between the provider and each home, as does DSL technology.²⁸

ADSL and cable modem technologies are most commonly used to provide services to residential customers. These technologies typically provide customers a single path to the Internet, generally at comparable quality and price levels and transmission speeds. As a result, services provided via ADSL and cable modem technologies generally are viewed as close substitutes.

²⁷ FCC’s Deployment of Telecommunications Capability: Second Report, August 2000, at ¶¶ 35-36 (footnotes omitted).

²⁸ FCC’s Deployment of Telecommunications Capability: Second Report, August 2000, at ¶ 29 (footnotes omitted).

Technologies in the “other” category include symmetric DSL, traditional T1 wireline, fiber optic to the customer’s premises, satellite, and (terrestrial) fixed wireless technologies.²⁹

B. Nationwide and Statewide Provision of High Speed Lines

Table 15: Nationwide High-Speed Lines (Large Providers)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002	DEC 2002	JUN 2003
US Lines ³⁰	2,754,286	4,367,434	7,069,874	9,616,341	12,792,812	16,202,540	19,881,549	23,459,671
6 Month Growth Rate	N/A	59%	62%	36%	33%	27%	23%	18%

Table 15 display high-speed line counts nationwide, as reported biannually to the FCC. This table shows that nationwide there has been substantial growth in high-speed telecommunications lines over the last several years.

Table 16: Illinois High-Speed Lines (Large Providers)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002	DEC 2002	JUN 2003
Lines ³¹	77,672	166,933	242,239	350,241	422,706	553,442	734,171	871,469
6 Month Growth Rate	N/A	115%	45%	45%	21%	31%	33%	19%

²⁹ Services provided over technologies in the “other” category vary greatly in quality, speed, and price. These technologies commonly are used to provide service to medium and large business customers, rather than residential customers. Therefore, comparison of figures for the “other” category to ADSL and cable modem figures is largely an apples to oranges exercise --- as is comparison of “other” figures across states. Accordingly, while figures for the “other” technologies category are presented here for completeness, caution should be exercised in their interpretation.

³⁰ Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, High-Speed Services for Internet Access: Status as of June 30, 2003, Released December 2003.

³¹ Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, High-Speed Services for Internet Access: Status as of June 30, 2003, Released December 2003.

As shown in Table 16, mid-year 2003, larger high-speed providers reported just over 870,000 high-speed lines in Illinois.

C. Nationwide and Statewide High Speed Lines by Technology

Table 17: Illinois High-Speed Lines by Technology (Large Providers)
June 30, 2003

	<i>ADSL</i>	<i>Coaxial Cable</i>	<i>Other</i>	<i>Total</i>
<i>Lines</i> ³²	363,733	383,069	124,667	871,469
<i>% of Total</i>	42%	44%	14%	100%

As shown in Table 17, the number of high-speed lines provisioned over ADSL technology was nearly equal to the number of lines provisioned via cable coaxial technology. Thus, the lead in broadband provisioning maintained by cable-modem providers in Illinois in past periods was nearly eliminated.

Table 18: Nationwide High-Speed Lines by Technology (Large Providers)
June 30, 2003

	<i>ADSL</i>	<i>Coaxial Cable</i>	<i>Other</i>	<i>Total</i>
<i>Lines</i> ³³	7,675,144	13,684,225	2,100,332	23,459,671
<i>% of Total</i>	31%	55%	14%	100%

Table 18 reveals that nationwide, cable modem providers continue to maintain their lead in broadband provisioning over ADSL providers.

³² Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, High-Speed Services for Internet Access: Status as of June 30, 2003, Released December 2003.

³³ Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, High-Speed Services for Internet Access: Status as of June 30, 2003, Released December 2003.

IV. MOBILE WIRELESS TELECOMMUNICATIONS

A. Overview

Data on mobile wireless subscribership are reported by state to the FCC by facilities-based wireless mobile providers with 10,000 or more subscribers in a given state (as measured by revenue-generating handsets in service). Facilities-based wireless providers serve subscribers using electromagnetic spectrum that they are licensed to utilize or manage.³⁴ Wireless mobile service is similar to POTS service in that it permits subscribers to place and receive calls to and from any other user on the PSTN.

B. Provision of Mobile Wireless Services

Table 19: Illinois Mobile Wireless Subscribers (Large Providers)

	<i>DEC 1999</i>	<i>JUN 2000</i>	<i>DEC 2000</i>	<i>JUN 2001</i>	<i>DEC 2001</i>	<i>JUN 2002</i>	<i>DEC 2002</i>	<i>JUN 2003</i>
<i>Subscribers³⁵</i>	3,922,482	4,309,660	5,143,767	5,621,044	5,631,172	5,409,370	6,476,683	6,834,217
<i>6 Month Growth Rate</i>	N/A	10%	19%	9%	0%	-4%	20%	6%

Table 19 displays mobile wireless subscribership data for Illinois (reported biannually to the FCC). At mid-year 2003, larger mobile wireless providers reported approximately 6.8 million subscribers in Illinois. While the growth rate of mobile wireless subscribership declined slightly between mid-year 2001 and mid-year 2002 it markedly increased between mid-year 2002 and mid-year 2003.

³⁴ FCC, Local Telephone Competition: Status as of December 31, 2001, Released July 2002, at 1-2.

³⁵ Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2003, Released December 2003.

Table 20: Nationwide Mobile Wireless Subscribers (Large Providers)
(Millions of Subscribers)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002	DEC 2002	JUN 2003
<i>US Lines</i> ³⁶	79.7	90.6	101.0	114.0	124.0	130.8	138.9	147.6
<i>6 Month Growth Rate</i>	N/A	14%	11%	13%	7%	5%	6%	6%

Table 20 indicates that the growth rate nationwide in mobile subscribership has been relatively constant since year-end 2001.

V. CONCLUSION

Information presented in this report summarizes the market shares of ILECs and CLECs in Illinois local telephone markets. While many other factors affect actual market competitiveness, market share information is a useful starting point for analyzing the status of market competition.³⁷

The market share information contained in this report suggests that competition continues to increase in Illinois. The CLEC overall POTS market share increased by 2.8 percentage points (from 19.5% to 22.3%) between year-end 2002 and year-end 2003. The 22% market share held by CLECs at year-end 2003 represents a marked increase over the 5% market share held by CLECs in Illinois at year-end 1999. Nevertheless, while competition continues to

³⁶ Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2003, Released December 2003.

³⁷ "Other things being equal, market share affects the extent to which participants or the collaboration must restrict their own output in order to achieve anticompetitive effects in a relevant market. The smaller the percentage of total supply that a firm controls, the more severely it must restrict its own output in order to produce a given price increase, and the less likely it is that an output restriction will be profitable." Antitrust Guidelines for Collaborations Among Competitors, Issued by Federal Trade Commission and the U.S. Department of Justice, April 2000, Section 3.3.3.

increase, ILECs continue to provide a high percentage of retail lines in Illinois. At year-end 2003, ILECs provided approximately 78% of all retail POTS lines in Illinois.

It is instructive to view the POTS market from the perspective of the mode of CLEC competitive entry. Nearly one half (1/2) of all CLEC POTS lines in Illinois were provided at year-end 2003 using CLEC switching equipment. However, at year-end 2003 only 23% of CLECs relied on their own loop facilities to provide retail POTS service. Thus, CLECs relied heavily on ILEC loops facilities to provide service, but less heavily on ILEC switching facilities.

It is also instructive to examine CLEC market entry in different areas of Illinois. Viewing Illinois as a single POTS market does not accurately reflect the manner in which competition in local services is developing.³⁸ While CLECs collectively hold 22% of POTS lines statewide, CLEC market shares vary significantly from region to region, and between the residential and business markets. In some areas of the state, serving CLECs still control very few retail POTS lines. In others, however – notably the Chicago LATA - the CLEC market share is much higher. CLECs served approximately 26% of all retail POTS lines in the Chicago LATA, and approximately 29% of Chicago LATA business POTS lines. Market penetration by CLECs in Illinois clearly has been most focused and most successful in the Chicago LATA. Further, market penetration by CLECs in the Chicago LATA has been most focused and successful with respect to business customers.

³⁸ “A market is defined as a product or a group of products in a geographic area in which it is produced or sold such that a hypothetical profit-maximizing firm, not subject to price regulation, that was the only present and future producer or seller of those products in that area likely would impose at least a “small but significant and nontransitory” increase in price, assuming the terms of the sale of all other products are held constant.” Department of Justice, 1992 Horizontal Merger Guidelines, Section 1.0.

Recommendations for Legislative Action

At this time, the Commission has no specific recommendations for legislative action arising directly from the facts and findings contained in this report. Separately, the Commission this year may convey to the General Assembly several proposals for legislative action concerning telecommunications.

APPENDIX A: Illinois LATA Geography and Demographics

Local Access and Transport Areas (LATAs) are the geographic areas within which Bell Operating Companies (BOCs) were permitted to carry telephone traffic following their divestiture from AT&T. In 1984, BOCs (including Ameritech in Illinois) were prohibited from carrying telephone traffic across LATA boundaries (interLATA traffic), but were allowed to carry telephone traffic, including toll calls, within LATA boundaries (intraLATA traffic). There are 193 domestic LATAs in the United States. Of the 193 domestic U.S. LATAs, 18 are either in whole, or in part, within Illinois.³⁹

There is considerable variation in size and demographic makeup among the Illinois LATAs.⁴⁰ Table 5 (above) lists size and demographic data for each of the 14 LATAs for which information is presented in this report. Table 5 illustrates that the average LATA in Illinois is approximately 4,100 square miles. The largest LATA in terms of area is the Chicago LATA with approximately 8,500 square miles. The smallest is the portion of the Davenport, Iowa LATA located in Illinois, which encompasses approximately 2,100 square miles.

The Chicago LATA is the most populous LATA in Illinois with over 8.4 million residents, well above the average LATA size of approximately 890,000 residents. The Chicago LATA also contains the greatest number of households, with over 3 million. In contrast the Macomb, Illinois LATA contains less than 140,000 residents and just over 53,000 households. The Chicago and Olney,

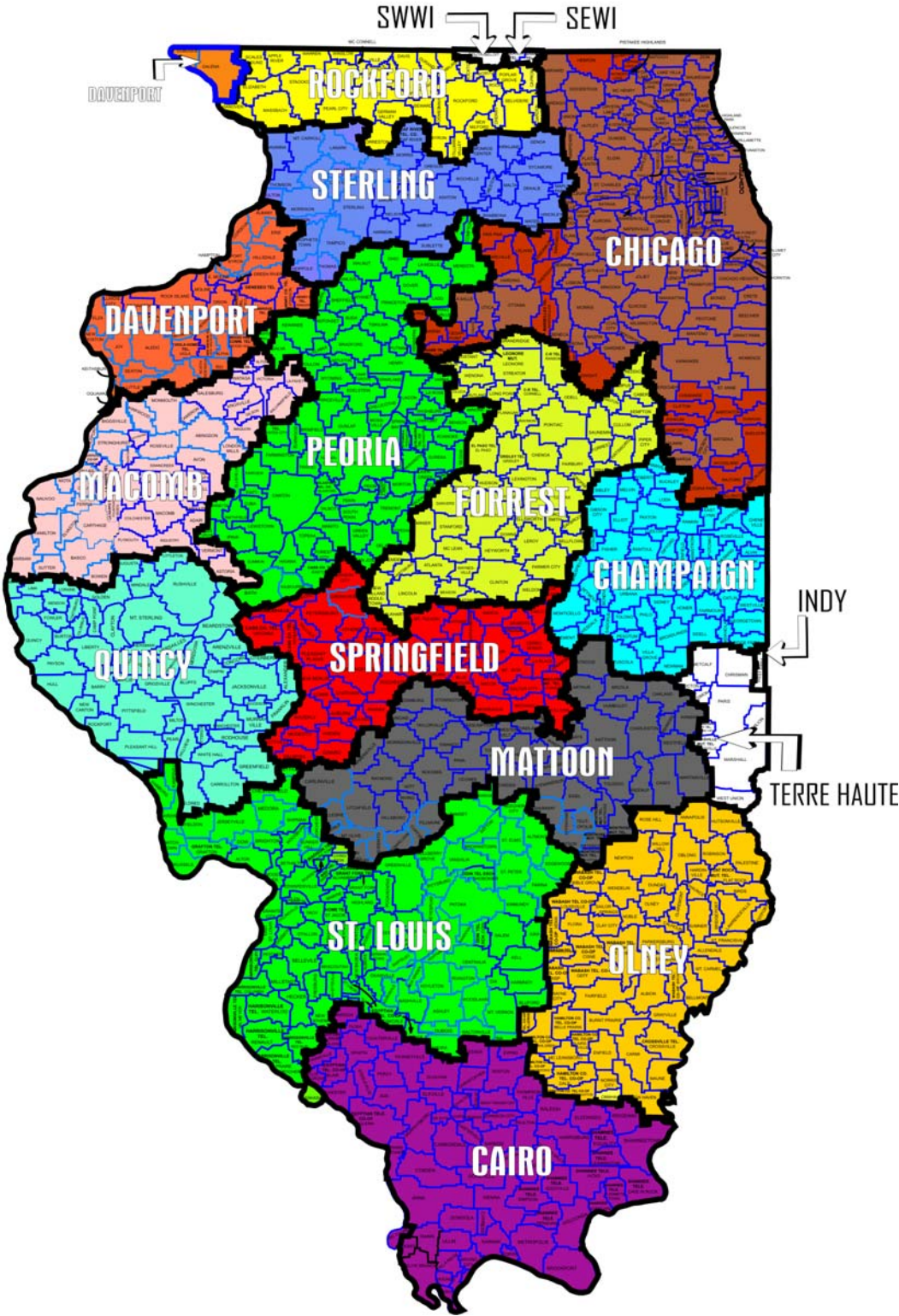
³⁹ Although LATA boundaries were created in order to delineate the geographical area within which BOCs could offer long distance services, other "LATA" boundaries have been created in order to segment non-BOC service territories. The LATA geography adopted here follows Telcordia Technologies, Inc. ("Telcordia" f/k/a Bellcore) conventions as delineated in the local exchange routing guide ("LERG").

⁴⁰ The LATA size and demographic information contained in this table is derived from U.S. Census 2000 obtained from U.S. Department of Commerce, Census Bureau Web Cite at <http://www.census.gov/>. To obtain estimates of area and demographic information, Staff aggregated census block group information up to the LATA level, assigning each census block group uniquely to the LATA containing the centroid of the census block group.

Illinois LATAs, respectively, contain the highest and lowest population per square mile. There are nearly 1,000 residents per square mile in the Chicago LATA and less than 32 residents per square mile in the Olney LATA. These two LATAs also contain the highest and lowest number of households per square mile, with 356 households per square mile in the Chicago LATA and 13 households per square mile in the Olney LATA.

Of the 18 LATAs in Illinois, 4 are predominately outside of Illinois and contain very few customers located within Illinois. For this report information applicable to the pieces of these four LATAs will be included with information for LATAs that are predominately in Illinois or contain a significant number of Illinois customers. For example, very few Illinois residents or businesses are located within the Terre Haute, Indiana LATA. The information reported for Illinois residents and businesses in the Terre Haute, Indiana LATA is, therefore, included in information reported for the Champaign, Illinois LATA. However, there are a significant number of Illinois residents and businesses within the St Louis, Missouri LATA. Therefore, information for Illinois residents and businesses in the St Louis, Missouri LATA is reported separately from other Illinois LATAs. All information reported is for those customers located in Illinois. For example, no information is reported for customers located in the Missouri portions of the St Louis, Missouri LATA. Figure A-1 depicts the 14 LATAs for which information is reported in this report.

Figure A1: LATAS IN ILLINOIS



APPENDIX B: Reporting Status

Extracting and reporting the data required by the Commission's CDR is, for many carriers, a decidedly non-trivial exercise. Not surprisingly, a number of carriers have difficulty providing the required information. For example, the definitions used in the Commission's CDR often differ from the numerous and varied definitions devised and used by carriers for their own internal purposes.⁴¹ Recognizing the difficulties faced by carriers, the Commission and its Staff have made every effort to assist carriers in their reporting efforts. It must be recognized, however, that absent comprehensive audits the accuracy of the information reported herein depends primarily on the accuracy of the information reported by the carriers.

Tables B1 and B2 contain lists of certificated local exchange carriers in Illinois on March 1, 2004, and carriers reporting to the Commission's CDR, respectively.

⁴¹ Many of the definitions used in the Commission's CDR were developed to be consistent with those utilized by the FCC

Table B1 - Certificated Local Exchange Carriers on 3/1/04

1-800-RECONEX, Inc. d/b/a Ustel	Intermedia Communications Inc.
360networks (USA) inc.	Intetech, L.C.
AboveNet Communications, Inc.	Intrado Inc.
Access One, Inc.	iP Tel, LLC
Access2Go, Inc.	IQ Telecom, Inc.
AccuTel of Texas, Inc. d/b/a 1-800-4-A-PHONE	Kayla Communications, Inc.
ACN Communication Services, Inc.	KBS Computer Services, Inc.
ACSI Local Switched Services, Inc. d/b/a e.spire	Kentucky Data Link, Inc. d/b/a Cinergy Networks
Adams Telephone Co-Operative	King City Telephone, LLC d/b/a Southern Illinois Communications
Adams TelSystems, Inc.	KMC Data, LLC
Adelphia Business Solutions Operations, Inc.	KMC Telecom V, Inc.
Advanced Integrated Technologies Inc.	LaHarpe Telephone Company, Inc.
Advanced TelCom, Inc. d/b/a Advanced TelCom Group d/b/a ATG	Leaf River Telephone Company
Aero Communications, LLC	Lee's Communications, LLC d/b/a Talk & Go
Alhambra-Grantfork Telephone Company	Level 3 Communications, L.L.C.
Allegiance Telecom of Illinois, Inc.	Levin Telecommunications, Corp.
ALLTEL Communications, Inc.	Lightspeed Telecom, LLC
Allure Communications, LLC	LightWave Communications, LLC
Alticom, Inc. d/b/a Alticom of Illinois, Inc.	Lightyear Communications, Inc.
American Farm Bureau, Inc. d/b/a Farm Bureau® Connection sm, The	Line 1 Communications, LLC d/b/a Direct Line Communications
American Fiber Network, Inc. d/b/a 'AFN'	Local Fiber L.L.C.
AmeriMex Communications Corp	Local Line America, Inc.
Ameritech Advanced Data Services of Illinois, Inc. d/b/a SBC Advanced Solutions, Inc.	Logix Communications Corporation
Ameritech Communications of Illinois, Inc.	Long Distance of Michigan, Inc., d/b/a LDMI Telecommunications
Ameritel Illinois, Inc.	Looking Glass Networks, Inc.
AmeriVoice Telecommunications, Inc. d/b/a Black Telecom USA	Loop Telecom, L.P.
AMI Communications, Inc.	M.L.M. Telecommunications, Inc. d/b/a Ameritel, Your Phone Company
Ascendtel, LLC	Madison Network Systems, Inc.
Association Management Resources, Inc.	Madison River Communications, LLC d/b/a Gallatin River Integrated Communications Solutions
AT&T Communications of Illinois, Inc.	Madison Telephone Company
B & S Telecom, Inc. d/b/a Quick Connect USA d/b/a Consumers Telephone Company	Marseilles Telephone Company, The
BAK Communications, LLC	Max-Tel Communications, Inc.
BellSouth BSE, Inc.	Maxcess, Inc.
Bergen Telephone Company	McDonough Telephone Cooperative, Inc.
Big River Telephone Company, LLC	McGraw Communications, Inc.
Birch Telecom of the Great Lakes, Inc.	MCI Metro Access Transmission Services, Inc.
BITWISE Communications, Inc.	MCI WorldCom Communications, Inc.
BT Communications Sales LLC	McLeodUSA Telecommunications Services, Inc.
Budget Phone, Inc.	McNabb Telephone Company
Bullseye Telecom, Inc.	Metamora Telephone Company
Buzz Telecom, Corporation	Metro Teleconnect Companies, Inc.
C-R Telephone Company	Metropolitan Telecommunications of Illinois d/b/a MetTel
Cable & Wireless USA, Inc.	Mid-Century Telephone Cooperative, Inc.
Calpoint (Illinois), LLC	Midwest Telecom of America, Inc.
Camarato Distributing, Inc.	Midwestern Telecommunications, Incorporated
Cambridge Telcom Services, Inc.	Montrose Mutual Telephone Company
Cambridge Telephone Company	Moultrie Independent Telephone Company
Campus Communication Group, Inc.	Moultrie InfoComm, Inc.
Cass Telephone Company	Mpower Communications Corp. d/b/a Mpower Communications of Illinois
CAT Communications International, Inc.	MTCO Communications, Inc.
Cbeyond Communications, LLC	National Prepaid, Inc.
CenturyTel Fiber Company II, LLC d/b/a LightCore CenturyTel Company	NationNet Communications Corporation
Charter Fiberlink-Illinois, LLC	Navigator Telecommunications, LLC
Chicago Fiber Optic Corporation d/b/a Metropolitan Fiber Systems of Chicago, Inc.	Neon Telephone, Inc.
Choctaw Communications, Inc. d/b/a Smoke Signal Communications	Network US, Inc. d/b/a CA Affinity
CI2, Inc.	NetworkIP, L.L.C.
Ciera Network Systems, Inc.	Neutral Tandem-Illinois, LLC
CIMCO Communications, Inc.	New Access Communications, LLC
Cinergy Communications Company	New Edge Network, Inc. d/b/a New Edge Networks
Citizens Telecommunications Company of Illinois d/b/a Frontier Citizens Communications of Illinois	New Millennium Telecommunications, Inc.
City of Batavia	New Windsor Telephone Company
City of Geneva	NextG Networks of Illinois, Inc.
City of Princeton	Nexus Communications, Inc.
City of Rochelle	nii communications, Ltd.
City of Rock Falls	Norlight Telecommunications, Inc.
City of Springfield	North County Communications Corporation
City of St. Charles	NorVergence, Inc.
Citynet Illinois, LLC	NOS Communications, Inc. d/b/a International Plus d/b/a 011 Communications
CityNet Telecom, Inc.	d/b/a The Internet Business Association d/b/a iVantage Network Solutions
Claricom Networks, LLC	Novacon LLC
Clarity Telecom Local Network Services, Inc.	NOW Communications, Inc. d/b/a NOW Communications of Illinois, Inc.
CMC Telecom, Inc.	NTC Network, LLC
Cogent Communications of Illinois, Inc.	NTERA, Inc.
Comcast Phone of Illinois, LLC d/b/a Comcast Digital Phone	NTS Services Corp.
Comm South Companies, Inc.	NuVox Communications of Illinois, Inc.
Computer Network Technology Corporation	O1 Communications of Illinois, LLC
ComTech Solutions, L.L.C. d/b/a Integrated Connections	Odin Telephone Exchange, Inc.
Consolidated Communications Network Services, Inc.	Omniplex Communications Group, L.L.C.
Cordia Communications Corp.	Oneida Network Services, Inc.
	OnePoint Communications-Illinois, LLC d/b/a Verizon Avenue

Table B1 - Certificated Local Exchange Carriers on 3/1/04 (Continued)

CoreComm Illinois, Inc.	OneStar Long Distance, Inc.
Covad Communications Company	OnFiber Carrier Services, Inc.
Covista, Inc.	Pacific Centrex Services, Inc.
Crosslink Long Distance Company	PaeTec Communications, Inc.
Crossville Telephone Company, The	Payphone Services, Inc.
Cypress Communications Operating Company, Inc.	Peak Communications, Inc.
Cypress Telecommunications Corporation d/b/a Cytel	PersonalOffice, Inc.
Data Net Systems, L.L.C.	PhoneCo, L.P.
debis IT Services North America, Inc.	PNG Telecommunications, Inc.
Delta Communications, LLC, d/b/a Clearwave Communications	PNG Telecommunications, Inc. d/b/a PowerNet Global Communications
Delta Phones, Inc.	Pottel, LLC
Diverse Communications, Inc.	Preferred Carrier Services, Inc.
DLS Communication Services, Inc.	Premiere Network Services, Inc.
DMJ Communications, Inc.	Primo Communications, Inc.
Dominion Telecom, Inc.	Primus Telecommunications, Inc.
dPi-Teleconnect, L.L.C.	ProCom International, Ltd.
DSLnet Communications, LLC	QuantumShift Communications, Inc.
Eagle Communications, Inc.	Quick-Tel Communications, Inc.
Easton Telecom Services, L.L.C.	Qwest Communications Corporation
Easy Call, Inc.	Qwest Interprise America, Inc.
EGIX Network Services, Inc.	RCN Telecom Services of Illinois, LLC
Egyptian Communication Services, Inc.	Reliant Communications, Inc.
Egyptian Telephone Cooperative Association, Inc.	Reynolds Telephone Company
El Paso Global Networks Company	RGT Utilities of California, Inc.
El Paso Networks, LLC	Ripple Communications, Inc.
El Paso Telephone Company, The	ROUTE 24 Computers, Inc.
Electric Lightwave, Inc.	Royal Phone Company LLC
Emergent Communications, LLC	Sage Telecom, Inc.
eMeritus Communications, Inc.	SBA Broadband Services, Inc.
Epana Networks, Inc.	Selective Royal Corporation
Equivoice, L.L.C.	Sharon Telephone Company
Ernest Communications, Inc.	Shawnee Telephone Company, Inc.
Essex Acquisition Corporation	ShawneeLink Corporation
Essex Telcom, Inc.	Snappy Phone of Texas, Inc.
Excel Telecommunications, Inc.	SNG Communications, L.L.C.
EZ RECONNECT, LLC	SOS Telecom, Inc.
EZ Talk Communications, L.L.C.	Sprint Communications Company L.P. d/b/a Sprint Communications L.P.
FairPoint Communications Solutions Corp.	Stonebridge Communications, Inc.
First Telecommunications Services, Inc. d/b/a First-Tel, Inc.	Supra Telecommunications and Information Systems, Inc.
Flat Rock Communications, Inc.	Suretel, Inc.
Flat Rock Telephone Co-Op, Incorporated	Swetland Internet, Inc.
Focal Communications Corporation of Illinois	Synopsis Communications
Forte Communications, Inc.	Talk America Inc.
France Telecom Corporate Solutions L.L.C.	Talk Unlimited Now, Inc.
Franklin Square Communications, Inc.	TalkingNets Holdings, LLC
Frontier Communications - Midland, Inc.	TCG Chicago
Frontier Communications - Prairie, Inc.	TCG Illinois
Frontier Communications - Schuyler, Inc.	TCG St. Louis
Frontier Communications of DePue, Inc.	TDS Metrocom, LLC
Frontier Communications of Illinois, Inc.	Telecourier Communications Corporation
Frontier Communications of Lakeside, Inc.	Telgent Services, Inc.
Frontier Communications of Mt. Pulaski, Inc.	TelNet-IL, LLC
Frontier Communications of Orion, Inc.	Telscape Communications, Inc.
Gallatin River Communications L.L.C.	Tonica Telephone Company
Geneseo Communications Services, Inc.	Trans National Communications International, Inc.
Geneseo Telephone Company	TruComm Corporation
Global Connection Inc. of America	U-Talk Services, Inc.
Global Crossing Local Services, Inc.	U.S. Gas Electric & Telecommunications Corp.
Global Crossing Telemanagement, Inc.	United Communications Systems, Inc.
Global NAPs Illinois, Inc.	United States Telecommunications, Inc. d/b/a Tel Com Plus
Global Teldata, Inc.	Universal Access, Inc.
Globalcom Inc.	US Signal Company, L.L.C. d/b/a RVP Fiber Company
GlobalEyes Telecommunications, Inc.	US TelePacific Corp. d/b/a TelePacific Communications
Globcom, Inc.	US Xchange of Illinois, L.L.C. d/b/a Choice One d/b/a Choice One Communications
GoBeam Services, Inc.	Ushman Communications Company
Grafton Technologies, Inc.	USLD Communications, Inc.
Grafton Telephone Company	VarTec Telecom, Inc.
Granite Telecommunications, LLC	Verizon North Inc.
Great America Networks, Inc.	Verizon Select Services Inc.
grid4 communications	Verizon South Inc.
Gridley Communications, Inc.	Vertex Broadband, Corp.
Gridley Telephone Co.	Viola Communications, Inc.
Hamilton County Telephone Co-Op.	Viola Home Telephone Company
Hanson Telecommunications, Inc.	Volo Communications of Illinois, Inc.
Harrisonville Telephone Company	Wabash Independent Networks, Inc.
Henry County Communications Services, Inc.	Wabash Telephone Cooperative, Inc.
Henry County Telephone Company	Williams Local Network, Inc.
Home TeleNetworks, Inc.	Wilshire Connection, LLC
Home Telephone Co.	WiTel Communications, LLC

Table B1 - Certificated Local Exchange Carriers on 3/1/04 (Continued)

ICG Telecom Group, Inc.	WiTel Local Network, LLC
IDT America, Corp.	Winco, Inc.
IlliCom Telecommunications, Inc.	Wings Telecommunications, Inc.
Illinois Bell Telephone Company	Winstar Communications, LLC
Illinois Consolidated Telephone Company	Woodhull Community Telephone Company
Illinois IntraNetwork, Inc.	World Communications Satellite Systems, Inc.
Illinois Telephone Corporation	XO Illinois, Inc.
Integrated Communications Consultants, Inc.	Yates City Telephone Company
Integrated Solutions, L.L.C.	Yipes Enterprise Services, Inc.
Inter-Tel NetSolutions, Inc.	Yipes Transmission, Inc.
InterAccess Telecommunications Co.	Z-Tel Communications, Inc.

Table B2 - Carriers that Responded to the ICC Competition Data Request

Access2Go, Inc.	Integrated Solutions, L.L.C.
Adams Telephone Co-Operative	Intrado Inc.
Adams TelSystems, Inc.	King City Telephone LLC.
Affinity Network Incorporated	Kinsman Mutual Telephone Co.
AFN Telecom, LLC.	LAHARPE TELEPHONE COMPANY, INC.
Alhambra-Grantfork Telephone Company	LDMI Telecommunications, Inc.
Allegiance Telecom of Illinois, Inc.	Leaf River Telephone Company
AmeriMex Communications Corp.	Least Cost Routing, Inc.
Ameritech Advanced Data Services of Illinois, Inc. d/b/a SBC Advanced Solutions, Inc.	Leonore Mutual Telephone Co.
Ameritech Communications of Illinois, Inc.	Level 3 Communications, L.L.C.
Ascendtel. LLC	Local Fiber L.L.C.
AT&T	Local Line America, Inc.
Broadwing Communication Services Inc.	Madison River Communications, LLC dba Gallatin River Integrated Communications Solution
Cambridge TelCom Services, Inc.	Madison Telephone Company
Cambridge Telephone Company	Marseilles Telephone Company
Cass Telephone Company	McDonough Telephone Coop
Cbeyond Communications, LLC	MCI
CIMCO Communications, Inc	McLeodUSA Telecommunications Services, Inc.
Cincinnati Bell Any Distance Inc.	McNabb Telephone Company
Cinergy Communications Company	Metamora Telephone Company
Citizens Telecommunications Company	MID CENTURY TELEPHONE COOPERATIVE
City of Batavia	Midwestern Telecommunications, Inc.
City of Geneva	Montrose Mutual Telephone Company
City of Princeton	Moultrie Independent Telephone
City of Rochelle	Moultrie InfoComm, Inc.
City of Rock Falls	Mpower Communications Corp.
City of St. Charles	MTCO Communications, Inc.
Claricom Networks, LLC	Navigators Telecommunications, LLC.
Clarity Telecom Local Network Services, Inc.	NetOne International
Clarksville Mutual Telephone Company	New Windsor Telephone Company
Comcast Phone of Illinois, LLC	Nexus Communications, Inc.
Comm South Companies, Inc.	nii communications, Ltd.
ComTech Solutions, L.L.C. d/b/a Integrated Connections	NOS Communications, Inc.
CoreComm Illinois, Inc.	NOW Communications, Inc.
Covad Communications Company	NuVox Comm. of Illinois, Inc.
CR Telephone Company	Odin Telephone Exchange, Inc.
Crossville Telephone Company	Oneida Network Services, Inc.
Data Net Systems, L.L.C.	Oneida Telephone Exchange, Inc.
Delta Communications, LLC d/b/a Clearwave Communications	OnePointCommunications-Illinois, LLC
Diverse Communications, Inc.	PAETEC Communications, Inc
DSLnet Communications, LLC	Peak Communications, Inc.
EGIX Network Services, Inc.	PNG Telecommunications, Inc., d/b/a PowerNet Global Communications
Egyptian Telephone Cooperative Association	Preferred Carrier Services, Inc.
El Paso Telephone Company	Primus Telecommunications, Inc.
Essex Telecom, Inc	QuantumShift Communications, Inc.
Excel Telecommunications, Inc.	Qwest Communications Corporation
Flat Rock Telephone Co-Op, Inc.	Qwest Enterprise America, Inc.
Focal Communications Corp. of IL	RCN Telecom Services of IL, LLC
Forte Communications, Inc.	Reynolds Telephone Company
Frontier Communications - Schuyler, Inc.	RGT Utilities of California, Inc.
Frontier Communications of America, Inc.	Royal Phone Company, LLC
Frontier Communications of DePue, Inc.	Sage Telecom, Inc.
Frontier Communications of Illinois, Inc.	Sharon Telephone Company
Frontier Communications of Lakeside, Inc.	Shawnee Telephone Company, Inc.
Frontier Communications of Mt. Pulaski, Inc.	Southwestern Bell Communications Services, Inc.
Frontier Communications of Orion, Inc.	Sprint Corp.
Frontier Communications-Midland, Inc.	Stelle Telephone Company
Frontier Communications-Prairie, Inc.	Sure-Tel, Inc
Gallatin River Communications, LLC	Talk America Inc.
Geneseo Telephone Company	TDS METROCOM, LLC
Glasford Telephone Company	The Bergen Telephone Co.
Global Connection Inc. of America	Time Warner Telecom of Illinois, L.L.C.
Global Crossing Local Services, Inc.	Tonica Telephone Company
Global Crossing Telemanagement, Inc.	TruComm Corporation
Globalcom, Inc.	United Communications Systems, Inc., d/b/a Call One
GlobalEyes Telecommunications, Inc.	Universal Access, Inc.
Grafton Long Distance Company	US Xchange of Illinois, L.L.C.
Grafton Technologies, Inc.	VarTec Telecom, Inc.
Grafton Telephone Company	Verizon North Inc.
Grandview Mutual Telephone Co.	Verizon Select Services Inc.
Greene County Cable TV	Verizon South Inc.
Gridley Telephone Co.	Viola Home Telephone Company
Hamilton County Telephone Co-op	WABASH TELEPHONE COOP INC
HARRISONVILLE TELEPHONE CO	Winstar Communications, LLC
Henry County Telephone Company	Woodhull Community Telephone Company
Home Telephone Co.	XO Illinois, Inc.
Illinois Bell Telephone Company	Yates City Telephone Company
Illinois Consolidated Telephone Company	Z-Tel Communications, Inc.

APPENDIX C: POTS Provisioning Detail

Table C1 – C5 contain detail POTS provisioning information for the 14 Illinois LATAs examined in this report. Table C1 contains POTS lines in each LATA provided by ILECs, CLECs and all LECs combined. Tables C2 and C3 contain similar information regarding, respectively, residential and business POTS line provisioning. Table C4 reports the distributions of lines between residential and business customers for ILECs, CLECs, and all LECs combined. Finally, Table C5 includes information summarizing the methods used by CLECs to provide POTS service.

**Table C1 - Retail POTS Provision by LATA
(December 31, 2003)**

LATA	LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % of Total
358	CHICAGO ILLINOIS	49	6,138,985	8	4,529,455	41	1,609,530	26.2%
360	ROCKFORD ILLINOIS ¹	30	240,292	4	196,703	26	43,589	18.1%
362	CAIRO ILLINOIS	20	159,443	4	155,340	16	4,103	2.6%
364	STERLING ILLINOIS	23	120,093	5	114,340	18	5,753	4.8%
366	FORREST ILLINOIS	17	148,171	7	145,277	10	2,894	2.0%
368	PEORIA ILLINOIS	33	272,110	9	239,015	24	33,095	12.2%
370	CHAMPAIGN ILLINOIS ²	25	208,862	4	183,089	21	25,773	12.3%
374	SPRINGFIELD ILLINOIS	26	251,111	6	211,500	20	39,611	15.8%
376	QUINCY ILLINOIS	22	89,935	4	81,026	18	8,909	9.9%
520	ST LOUIS MISSOURI	37	420,768	10	338,933	27	81,835	19.4%
634	DAVENPORT IOWA	32	133,148	9	110,349	23	22,799	17.1%
976	MATTOON ILLINOIS	10	107,620	5	107,467	5	153	0.1%
977	MACOMB ILLINOIS	13	66,633	8	66,442	5	191	0.3%
978	OLNEY ILLINOIS	13	70,664	6	70,332	7	332	0.5%
Statewide		102	8,427,835	49	6,549,268	53	1,878,567	22.3%

¹ Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

² Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

**Table C2 - Residential Retail POTS Provision by LATA
(December 31, 2003)**

LATA	LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % if Total
358	CHICAGO ILLINOIS	35	3,378,705	8	2,570,341	27	808,364	23.9%
360	ROCKFORD ILLINOIS ¹	20	155,748	4	132,976	16	22,772	14.6%
362	CAIRO ILLINOIS	15	109,888	4	107,954	11	1,934	1.8%
364	STERLING ILLINOIS	14	82,072	5	78,755	9	3,317	4.0%
366	FORREST ILLINOIS	14	96,033	7	95,888	7	145	0.2%
368	PEORIA ILLINOIS	24	179,142	9	160,665	15	18,477	10.3%
370	CHAMPAIGN ILLINOIS ²	17	124,576	4	108,275	13	16,301	13.1%
374	SPRINGFIELD ILLINOIS	17	143,672	6	119,608	11	24,064	16.7%
376	QUINCY ILLINOIS	16	60,099	4	54,680	12	5,419	9.0%
520	ST LOUIS MISSOURI	28	298,602	10	236,644	18	61,958	20.7%
634	DAVENPORT IOWA	23	85,243	9	69,494	14	15,749	18.5%
976	MATTOON ILLINOIS	5		5		0		
977	MACOMB ILLINOIS	9	176,087*	8	175,949*	1	138*	0.1%*
978	OLNEY ILLINOIS	10		6		4		
Statewide		87	4,889,867	49	3,911,229	38	978,638	20.0%

¹ Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

² Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

* Combined figure for the Mattoon, Macomb, and Olney LATAs.

**Table C3 - Business Retail POTS Provision by LATA
(December 31, 2003)**

LATA	LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % of Total
358	CHICAGO ILLINOIS	39	2,760,280	8	1,959,114	31	801,166	29.0%
360	ROCKFORD ILLINOIS ¹	25	84,544	4	63,727	21	20,817	24.6%
362	CAIRO ILLINOIS	16	49,555	4	47,386	12	2,169	4.4%
364	STERLING ILLINOIS	20	38,021	5	35,585	15	2,436	6.4%
366	FORREST ILLINOIS	15	52,138	7	49,389	8	2,749	5.3%
368	PEORIA ILLINOIS	28	92,968	9	78,350	19	14,618	15.7%
370	CHAMPAIGN ILLINOIS ²	22	84,286	4	74,814	18	9,472	11.2%
374	SPRINGFIELD ILLINOIS	23	107,439	6	91,892	17	15,547	14.5%
376	QUINCY ILLINOIS	20	29,836	4	26,346	16	3,490	11.7%
520	ST LOUIS MISSOURI	33	122,166	10	102,289	23	19,877	16.3%
634	DAVENPORT IOWA	30	47,905	9	40,855	21	7,050	14.7%
976	MATTOON ILLINOIS	10		5		5		
977	MACOMB ILLINOIS	13	68,830*	8	68,292*	5	538*	0.8%*
978	OLNEY ILLINOIS	12		6		6		
Statewide		91	3,537,968	49	2,638,039	42	899,929	25.4%

¹ Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

² Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

* Combined figure for the Mattoon, Macomb, and Olney LATAs.

**Table C4 - Retail POTS Provision Business Percentage by LATA
(December 31, 2003)**

LATA	LATA Name	All LECs		ILECs		CLECs	
		% Res	% Bus	% Res	% Bus	% Res	% Bus
358	CHICAGO ILLINOIS	55.0%	45.0%	56.7%	43.3%	50.2%	49.8%
360	ROCKFORD ILLINOIS ¹	64.8%	35.2%	67.6%	32.4%	52.2%	47.8%
362	CAIRO ILLINOIS	68.9%	31.1%	69.5%	30.5%	47.1%	52.9%
364	STERLING ILLINOIS	68.3%	31.7%	68.9%	31.1%	57.7%	42.3%
366	FORREST ILLINOIS	64.8%	35.2%	66.0%	34.0%	5.0%	95.0%
368	PEORIA ILLINOIS	65.8%	34.2%	67.2%	32.8%	55.8%	44.2%
370	CHAMPAIGN ILLINOIS ²	59.6%	40.4%	59.1%	40.9%	63.2%	36.8%
374	SPRINGFIELD ILLINOIS	57.2%	42.8%	56.6%	43.4%	60.8%	39.2%
376	QUINCY ILLINOIS	66.8%	33.2%	67.5%	32.5%	60.8%	39.2%
520	ST LOUIS MISSOURI	71.0%	29.0%	69.8%	30.2%	75.7%	24.3%
634	DAVENPORT IOWA	64.0%	36.0%	63.0%	37.0%	69.1%	30.9%
976	MATTOON ILLINOIS						
977	MACOMB ILLINOIS	71.9%*	28.1%*	72.0%*	28.0%*	20.4%*	79.6%*
978	OLNEY ILLINOIS						
Statewide		58.0%	42.0%	59.7%	40.3%	52.1%	47.9%

¹ Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

² Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

**Table C5 - CLEC Retail POTS Provisioning Methods by LATA
(December 31, 2003)**

LATA LATA Name		Own Facilities			UNE-L			UNE-P			Resale		
		CLECs	Lines	% of CLEC Lines	CLECs	Lines	% of CLEC Lines	CLECs	Lines	% of CLEC Lines	CLECs	Lines	% of CLEC Lines
358	CHICAGO ILLINOIS	8	430,224	26.7%	11	390,241	24.2%	19	637,565	39.6%	25	151,500	9.4%
520	ST LOUIS MISSOURI	3	1,328	1.6%	4	11,290	13.8%	15	65,189	79.7%	17	4,028	4.9%
360	ROCKFORD ILLINOIS ¹	1			5			12			16		
362	CAIRO ILLINOIS	2			1			10			8		
364	STERLING ILLINOIS	0			1			10			10		
366	FORREST ILLINOIS	0			1			5			6		
368	PEORIA ILLINOIS	1			4			13			16		
370	CHAMPAIGN ILLINOIS ²	1	2,972*	1.59%*	2	60,571*	32.36%*	13	101,282*	54.10%*	13	22,377*	11.9%*
374	SPRINGFIELD ILLINOIS	1			2			13			14		
376	QUINCY ILLINOIS	0			2			12			11		
634	DAVENPORT IOWA	4			1			13			12		
976	MATTOON ILLINOIS	0			0			1			4		
977	MACOMB ILLINOIS	0			0			1			4		
978	OLNEY ILLINOIS	1			0			2			5		
Statewide		14	434,524	23.1%	14	462,102	24.6%	23	804,036	42.8%	29	177,905	9.5%

(1) Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

(2) Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

* Combined figures for all Illinois LATAs outside the Chicago and St. Louis LATAs.